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FAR EAST

1. Yoshida's prospects for retaining power worsen:

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		The chances of Shigeru Yoshida's remaining as Japan's prime minister beyond the first of next year are growing smaller every day, according to Ambassador Allison.

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An influential spokesman has indicated that business and financial interests will exert themselves to bring about a new government without a dissolution of the Diet and a subsequent election. Allison believes that the refusal of these interests to contribute campaign funds could be decisive in preventing Yoshida from dissolving the Diet.

Comment: Opposition to Yoshida is a surface indication of a deeper power struggle for control of Japan's conservative forces. Yoshida's opponents fear that his leadership of a new conservative party would assure the dominance of his Liberal Party followers in the unified organization.

This apprehension undoubtedly also applies to the question of permitting Yoshida to name his successor. The anti-Yoshida groups have been unable to agree on a successor, thus emphasizing that a new prime minister probably will face continued conservative factionalism.

SOUTHEAST ASIA

2. Polish truce delegates delay departure from Cambodia:

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	Although the evacuation of Viet Minh troops from Cambodia has been completed, the truce commission's task "has just begun," the chief of the Polish truce delegation told the French adviser to the Cambodian government. According
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to the American embassy in Phnom Penh, the Pole argued that the commission must now exercise "its really important" function--supervising the integration of former dissidents into the national community.

The American ambassador comments that the Polish delegation obviously intends to remain as a long-term propaganda mission. The Cambodian prime minister told the ambassador that he had no illusions on this score. The prime minister said, however, that until Nehru's visit is over, the Cambodian government would probably refrain from taking open issue with the commission's activities.

Comment: The cease-fire agreement provides for the reintegration of former dissidents, who number only 1,000 to 2,000, but does not specifically provide that the truce commission will supervise this process.

In taking a broad view of the truce commission's responsibilities, the Poles will probably have the support of the Indians, who have also shown a marked tendency to inject themselves into Cambodia's internal politics. Such activity seems to reflect New Delhi's concept that Laos and Cambodia are within the Indian "sphere of influence" as opposed to Vietnam, which New Delhi considers in the Chinese cultural sphere.

3. French premier broaches plan for Vietnam viceroy:

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Premier Mendes-France assured Secretary Dulles on 23 October that France is willing to continue its support of the Vietnamese government of Premier Diem, but added that, allowing for Diem's possible failure, the French are studying a plan whereby Bao Dai would send to Vietnam "a sort of viceroy." This person would have "no power to interfere in the government," but would merely "retain the prestige of legitimacy which came from Bao Dai."

Comment: Bao Dai already has had his imperial representatives in Vietnam, and there would be little

point in creating the office of viceroy except to provide further means to interfere in the government. This job would almost certainly fall to either Prince Buu Hoi or Prince Buu Loc, both of whom have been actively intriguing against Diem.

SOUTH ASIA

4. Comment on death of Indian food minister Kidwai:

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The death of Indian food minister Rafi Ahmed Kidwai on 24 October may change the balance of power in Prime Minister Nehru's cabinet from liberal to conservative and have repercussions on India's domestic and foreign policy.

Kidwai, a liberal with reported leftist leanings, was widely considered the strongest man in the cabinet next to Nehru. With Kidwai's death, Nehru will stand alone against the powerful conservative cabinet group consisting of Finance Minister Deshmukh, Home Minister Katju, and Commerce Minister Krishnamachari. These men may now be able to prevent the adoption of certain policies inimical to American interests, such as that sponsored by Kidwai for the construction of a Soviet steel mill in India.

Furthermore, since Kidwai was said to be the ablest administrator in the cabinet and was certainly its wildest politician, the government and the Congress Party will be hard put to it to replace him. He is credited with having directed the operations leading to the revolution which ousted the hereditary Rana government from Nepal in 1950 and which dismissed former premier Sheikh Abdullah of Kashmir in 1953. Since there is no one in the government equally competent, Nehru will find his task as prime minister considerably more difficult as a result.

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NEAR EAST - AFRICA

5. Iraq and Turkey map program for building Middle East defense:

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[REDACTED] Iraqi prime minister Nuri Said and Turkish prime minister Menderes agreed, at their recent meeting in Istanbul, to negotiate a series of bilateral treaties involving Iraq, Turkey, Pakistan, Syria and Iran as the foundation for a Middle East defense system, according to Menderes.

Menderes told Ambassador Warren that he and Nuri agreed to sign an Iraqi-Turkish agreement, along the lines of the Turkish-Pakistani pact, next January. Menderes said they also agreed that Iraq should approach Pakistan, and possibly Iran, and that Turkey should approach Syria. Turkey will also try to obtain Egyptian support for these approaches.

Menderes prefaced his report with the observation that the conversations had been difficult because of the negative character of Nuri's thinking. Nuri declared that the Iraqis were preoccupied with finding friends who would help them meet the threat of Israeli expansion in the area.

Comment: This report confirms earlier indications that Nuri is interested in negotiating a series of bilateral treaties as a backdoor approach to the Turkish-Pakistani pact.

However, Nuri's references to Israel, as well as the obvious complications involved in negotiating such bilateral treaties, strongly suggest that there will be considerable bargaining and maneuvering before Iraq takes any meaningful action on Middle East defense.

6. Egyptian foreign minister indicates new era of good will:

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[REDACTED] Egyptian foreign minister Fawzi told Ambassador Caffery on 23 October that now, with the signing of the Suez

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agreement, is the time for "co-operation" and that Egypt must move forward constructively.

Fawzi said that he and Prime Minister Nasr had had a sympathetic and understanding conversation with British ambassador Stevenson and Under Secretary Nutting on 21 October on general considerations involving the area. Britain is to send a "high-powered economic mission" to Cairo in February and Egypt will send one to London. Fawzi also believes that Britain will expedite the delivery of arms already on order but never shipped because of the 1951 embargo.

Fawzi stated that he told the British that in no event would Egypt attack Israel. He added that Egypt would favor a settlement with Israel along the lines of the United Nations decisions "interpreted in a practical way." He indicated that Egypt would under such a settlement be willing to give up the Gaza area, the coastal strip occupied by Egypt during the 1948 Palestine war.

Comment: This is the most forthright statement by a responsible Egyptian official on co-operation with the West since the signing of the "Agreement on Principles" three months ago. It does not, however, indicate that the Nasr regime is now prepared to move on either regional defense arrangements or a settlement with Israel.

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LATIN AMERICA

7. Guatemalan president fears growing opposition:

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Guatemalan president Castillo Armas told Ambassador Armour on 22 October that he was concerned about the growing opposition of the extreme right. He referred particularly to current rumors spread by his opposition that the United States was withholding aid as a sign of dissatisfaction with his regime. Castillo Armas said that he also feared the opposition of the extreme left.

The president added that the inability of his government to get an economic program under way was

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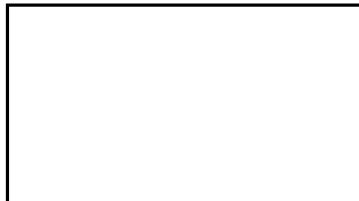
destroying confidence in his regime. He feels that aid is justified economically, but is perhaps "even more desperately needed for psychological and political effects."

Comment: The government lacks the resources for a public works program, which is urgently needed for political reasons.

Rightist opposition to the Castillo regime appears to be growing. The Communists seem to be no immediate threat, although five top Communist leaders remain unaccounted for and are presumably at large. The main threat to the government, however, is its own ineptitude.

8. Honduran Liberal Party may react with violence against alleged electoral fraud:

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Members of the Honduran Liberal Party may resort to violence against what they consider "flagrant and sweeping" abuse of the electoral machinery in the elections of 24 October. The Nationalist and

and Reformist Parties combined to defeat Liberal candidates for all of the congressional seats which remained contested after the popular elections of 10 October. The Liberals even lost some of their "sure" seats after opposition-controlled "recounts."

There is increasing speculation in Honduras that President Galvez, with the probable backing of Reformist leader Williams, may set up a temporary dictatorship. The president might make this move if the Liberal congressmen, who will constitute over a third of the Congress, prevent the forming of the new congress on 5 December by boycotting the session.

Comment: The Liberals, who are believed to be Communist-infiltrated, probably do not have an armed force capable of a successful coup, but there may be localized violence, especially in the Liberal stronghold in the vital north coast area. The Liberals, who won about 48 percent of the vote in the 10 October elections, have a much greater popular following than either the Nationalists or Reformists.